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**TESTIMONY OF ROBYN KAPLAN-CHO,
RETIREMENT SPECIALIST,
THE CONNECTICUT EDUCATION ASSOCIATION (CEA)
IN SUPPORT OF**

**H.B. 5400 - AAC REEMPLOYMENT OF RETIRED
TEACHERS**

**H.B. 5401 – AAC TECHNICAL CHANGES TO THE
TEACHERS’ RETIREMENT SYSTEM
STATUTES**

**H.B. 5402 – AAC EXPENSES FOR HEALTH BENEFIT
PLANS UNDER THE TEACHERS’
RETIREMENT FUND**

-CEA’s ADDITIONAL SUGGESTED AMENDMENTS

**BEFORE THE APPROPRIATIONS COMMITTEE
MARCH 17, 2010**

Good morning Senator Harp, Representative Geragosian, and members of the Appropriations Committee. My name is Robyn Kaplan-Cho and, as CEA’s Retirement Specialist, I am responsible for educating teachers about the pension benefits provided to them under the Connecticut State Teachers’ Retirement System.

I am here to comment on Raised Bill 5400 as well as Raised Bills 5401 and 5402, the latter two of which have been requested by the State Teachers’ Retirement Board (STRB). I also will provide you with proposed amendments on three additional issues of importance to CEA members.

Raised Bill 5400 relates to a retired teacher returning to work as a Connecticut public school teacher. The Teachers’ Retirement Board has proposed modifying the current law (by deleting the sentence containing the definition of the term “temporary”) to allow a retired teacher to work for more than one school year as long as they do not exceed the earnings limitation. This conforms to the STRB’s current practice. However, as written, RB 5400 would limit a retiree’s ability to be reemployed beyond one school year. Neither the STRB nor CEA supports this particular change. Rather, we would ask that RB 5400 be amended to remove the one year

limit on the number of years that a reemployed retiree can work, as long as the earnings limit is not exceeded. The substitute language should read:

Section 1. Section 10-183v of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) Except as provided in subsection (b) of this section, a [former] teacher receiving retirement benefits from the system may not be employed in a teaching position receiving compensation paid out of public money appropriated for school purposes except that such [former] teacher may be employed [temporarily] in such a position and receive no more than forty-five per cent of the maximum salary level for the assigned position. Any [former] teacher who receives in excess of such amount shall reimburse the board for the amount of such excess. [Temporary employment means employment for less than a school year.] Notice of such employment shall be sent [semi-annually on January thirty-first and June thirtieth] to the board by the employer[ing officials] and [by] the retired teacher at the time of hire and at the end of each assignment.

Subsection (b) of this bill also closely resembles the STRB's proposal but improperly deletes the requirement that a retiree must receive prior approval from the STRB before working in a subject shortage area for a second year. The language in this bill implies that there should be approval but deletes the current language that explicitly requires prior approval. CEA's position is that this prior approval language should be retained.

In short, CEA requests that this Committee adopt the proposed language originally submitted by the STRB on the issue of reemployment of retirees, rather than the language contained in this particular bill.

Raised Bill 5401 simply makes technical changes to the teachers' retirement statutes in order to eliminate obsolete language. CEA supports these changes.

Raised Bill 5402 is an extremely significant bill and CEA strongly supports its passage. The STRB administers a very complicated Medicare supplement plan to thousands of retired teachers and spouses through Stirling Benefits. Over the years, the STRB has relied heavily on the expertise of a health care consultant to advise them on all aspects of the administration of this plan including such things as writing and analyzing RFP's, calculating the annual premiums, providing guidance on compliance and recommending cost-saving initiatives. This advice and counsel is paramount since the STRB has never had the in-house resources or expertise to provide this service. However, the September state budget mitigation plan eliminated the funding for a health plan consultant. This elimination was devastating for not only the STRB as the administering agency but also for all of the retirees and future retirees who participate in the plan and expect it to be run efficiently and effectively. Despite repeated pleas from the STRB for the funding to be restored, it was not. Consequently, in order to ensure the continued prudent operation of the health insurance program, the STRB has requested this bill. It allows the health care consultant costs, up to \$150,000 annually, to be paid directly from the retired

teacher's health insurance fund as opposed to general state funds. OPM supports this proposal and CEA urges this Committee to do the same.

CEA supports three other retirement proposals and requests that Proposed House Bill 5034 be amended to include them.

First, we request that C.G.S. Section 10-183e(b) allow for the purchase of service rendered in the Manpower Development Training Act (MDTA) program. Current law provides a list of certain types of other credited service that can be purchased such as Peace Corp and VISTA service. Like both Peace Corp and VISTA, MDTA was public service work, providing specialized job training to underprivileged high school dropouts.

In terms of cost impact, it is fair to presume that, like VISTA, there are not a significant number of teachers who served in the MDTA program so the cost should be minimal. Moreover, in 1973, the MDTA programs were consolidated into the Comprehensive Employment and Training Act (CETA). It is noteworthy that CETA work is purchasable in the Teachers' Retirement System, so MDTA service should be as well.

Second, CEA requests that the law be amended to allow teachers to pay in retirement contributions while working part-time for one year, in order to bring that part-time year up to a full-time year for purposes of the full-time equivalency (FTE). This is a proposal based in equity since teachers on a full year's leave of absence are allowed to do this under current law, but a teacher who is actually working, albeit part-time, is not.

Third, we request a change to the requirement that the purchase of out-of-state years is based only on the number of full-time Connecticut years worked (2:1 ratio). Instead, we are seeking to allow part-time years to count proportionately when purchasing out-of-state years. For example, a teacher who works 8 full-time years in Connecticut and 12 half-time years in Connecticut is only allowed to purchase 4 (half of 8) years from another state. Our proposal would allow for the full-time equivalent of the part-time years to be utilized so that his/her 12 half-time years would be equivalent to 6 full-time years, thus allowing him/her to buy 3 more out-of-state years. The intent of this law was to ensure that those teachers who come to teach in Connecticut do not end up having more out-of-state years than they have Connecticut years. However, the law as it is written does not recognize any part-time years of teaching in Connecticut even in a case where a teacher may have over twenty or thirty years of part-time Connecticut service. This was not the intent of the law and we believe that our proposal remains consistent with the original intent but also encourages out-of-state teachers to enter the profession in Connecticut.

Attached you will find draft language for all three of these proposals, for your review.

Finally, Substitute House Bill 5203 has been referred to this Committee from the Labor and Public Employees Committee. CEA supports Section 1(f) of this proposal because it addresses

situations where a retiring teacher has been given an erroneous benefit estimate from the Teachers' Retirement Board and irrevocably retires in reliance on that estimate. Although these situations are rare, this bill provides a fair remedy when it does occur.

Thank you for your time and consideration.

**CEA Proposed Amendments to
Teacher Retirement Statutes
2010 Session of CT General Assembly
Appropriations Committee Chairs
March 4, 2010**

Amend Credited Service section to allow:

1. To allow teachers to purchase out-of state years on a proportionate basis. Currently, the number of out of state years that can be purchased is based on only the number of full-time CT years worked. (Amend section 10-183e by adding line in section (b) See language below)
2. To allow teachers to purchase service time for time worked under the Manpower Development and Training Act (MDTA) program. (Amend section 10-183e by adding new section 18 See language below)

Amend Part-time Service section to allow:

3. To allow part-time teachers to receive credit for up to ten months as is currently permitted for teachers on an authorized leave of absence. (Amend section 10-183 gg by adding the "new" language shown below.)

Sec. 10-183e. Credited service. (a) A member shall receive a month of credited service for each month of service as a teacher, provided the Teachers' Retirement Board may grant a member a month of credited service for a month during which such member was employed after the first school day but not later than the fifth school day of such month if (1) such month was the member's first month of service as a teacher and (2) such month of credited service is needed by the member in order to qualify for a normal retirement benefit. Ten months of credited service shall be equal to one year of credited service. A member may not accumulate more than one year of credited service during any school year.

(b) Any member may purchase, as provided in subsection (c) of this section, additional credited service, but not to exceed an aggregate of one year in the case of service described in subdivision (2) of this subsection for each two years of active full-time service as a Connecticut teacher; and not to exceed an aggregate of one year in the case of absence described in subdivision (8) of this subsection for each five years of active full-time service as a Connecticut teacher, provided if any such absence exceeds thirty consecutive school months, such additional credited service shall be limited to thirty school months; and not to exceed an aggregate of ten years for all service described in this subsection, except for service described in subdivision (2) of this subsection. **For Purposes of Such Purchase, Part-Time shall be combined to equal full Time Service.** In no event may any service described in this subsection be purchased if the member is receiving or is, or will become, entitled to receive a retirement benefit based upon such service from any governmental system other than the teachers' retirement system or the federal Social Security System. Additional credited service includes:

- (1) Service as a teacher in a school for military dependents established by the United States Department of Defense;
- (2) Service as a teacher in another state of the United States, its territories or possessions;
- (3) Service in the armed forces of the United States in time of war, as defined in section 27-103, or service in said armed forces during the period beginning October 27, 1953, and ending January 31, 1955;
- (4) Service in a permanent full-time position for the state;
- (5) Service as a teacher at The University of Connecticut prior to July 1, 1965;
- (6) Service as a teacher at the Wheeler School and Library, North Stonington, prior to September 1, 1949;
- (7) Service as a teacher at the Gilbert Home, Winsted, prior to September 1, 1948;
- (8) Any formal leave of absence as provided in regulations adopted by the board, if the member subsequently returns to service for at least one school year;
- (9) Service as a teacher at the American School at Hartford for the Deaf, the Connecticut Institute for the Blind or the Newington Children's Hospital;
- (10) Forty or more days of service as a substitute teacher, or the equivalent service rendered at less than half-time, in a single public school system within the state of Connecticut in any school year, provided eighteen days of such service shall equal one month of credited service under subsection (a) of this section;

(11) Service in the armed forces of the United States, other than service described in subdivision (3) of this subsection, not to exceed thirty months;

(12) Service as a full-time, salaried, elected official of the state or any political subdivision of the state during the 1978 calendar year or thereafter, if such member subsequently returns to service for at least one school year;

(13) Service in the public schools of Connecticut as a member of the federal Teacher Corps, not to exceed two years;

(14) Service in the United States Peace Corps;

(15) Service in the United States VISTA (Volunteers in Service to America) program;

(16) Service in the public schools of Connecticut as a social work assistant, from January 1, 1969, to December 31, 1986, inclusive, if such member became a certified school social worker and remained in public school service as a social worker after certification; and

(17) Service prior to July 1, 2007, as a member of the staff of the State Education Resource Center established pursuant to section 10-4q employed in a professional capacity while possessing a certificate or permit issued by the State Board of Education.

(18) Service in the Manpower Development and Training Act

(MDTA) program.

Sec. 10-183gg. Part-time service. Determination of benefits. Part-time service averaging at least one-half of a school day but less than a full school day shall be treated as full-time service for purposes of determining eligibility for benefits under this chapter. For purposes of determining benefits under subsections (a) to (d), inclusive, of section 10-183g, the percentages utilized in said sections shall be proportionally reduced for each year or portion of a year of service rendered or purchased after July 1, 1977, which is part-time service. Notwithstanding the provisions of subdivision (4) of section 10-183b, the average annual salary of a member with part-time service shall be such member's full-time annualized salary during his three highest years. Any benefit awarded pursuant to this section shall be proportional in all respects to the benefit which would have been payable had such service been rendered on a full-time basis.

A member working half-time or more may, for up to ten school months, make mandatory contributions based on the full-time annual salary for such part-time position. Such payment shall entitle the member to receive to receive full-time service credit for such period of time. If such contributions are not remitted at the time the service was performed, the member may receive full-time credit by paying such mandatory contributions with credited interest from the date such service was rendered to the date payment is made in order to receive full-time credit for this service.